



Dave Yost • Auditor of State

**PIKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PIKE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis for Fiscal Year End December 31, 2016	3
Basic Financial Statements:	
Statement of Net Position- Cash Basis as of December 31, 2016	7
Statement of Activities- Cash Basis for the Year Ended December 31, 2016.....	8
Statement of Cash Basis Assets and Cash Basis Fund Balances-Governmental Funds as of December 31, 2016	9
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances-Governmental Funds for the Year Ended December 31, 2016.....	10
Notes to the Basic Financial Statements for the Year Ended December 31, 2016.....	11
Management's Discussion and Analysis for Fiscal Year End December 31, 2015	19
Statement of Net Position- Cash Basis as of December 31, 2015	23
Statement of Activities- Cash Basis for the Year Ended December 31, 2015.....	24
Statement of Cash Basis Assets and Cash Basis Fund Balances-Governmental Funds as of December 31, 2015.....	25
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances-Governmental Funds for the Year Ended December 31, 2015.....	26
Notes to the Basic Financial Statements for the Year Ended December 31, 2015.....	27
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	35

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Pike County Family and Children First Council
Pike County
330 East North Street
Waverly, Ohio 45690

To the Board:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pike County Family and Children First Council, Pike County, Ohio (the Council), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Council's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pike County Family and Children First Council, Pike County, Ohio, as of December 31, 2016 and 2015, and the respective changes in cash financial position thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2017, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

August 31, 2017

**Pike County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited**

The discussion and analysis of the Pike County Family and Children First Council's (the Council) financial performance provides an overview of the Council's financial activities for the year ended December 31, 2016, within the limitations of the Council's cash basis of accounting. Please read this in conjunction with the Council's financial statements that begin on page 7 and notes to the basic financial statements which begin on page 11.

Financial Highlights

Key financial highlights for 2016 are as follows:

- Net position decreased \$6,860.
- The Council receipts for 2016 were \$204,603 plus a carry-over cash balance from 2015 of \$48,398. Cash disbursements for the same period were \$211,463. The ending net position was \$41,538.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Council's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Pike County Family and Children First Council as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on the cash basis of accounting.

The statement of net position – cash basis and statement of activities – cash basis provide information about the activities of the whole Council, presenting an aggregate view of the Council's finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending using the cash basis of accounting.

Basis of Accounting

The basis of accounting is a set of guidelines that determines when financial events are recorded. The Council has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the Council's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Council as a Whole

Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis

While this document contains information used by the Council to provide programs and services for its service area, the view of the Council as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially?" The statement of net position – cash basis and the statement of activities – cash basis answer this question. These two statements report the Council's net position on a cash basis and changes in the net position. This change in net position is important because it tells the reader that, for the Council as a whole, the cash basis financial position of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

**Pike County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited**

In the statement of net position-cash basis and the statement of activities-cash basis, all of the Council's activities are considered to be Governmental Activities.

- Governmental Activities – The Council's only programs and associated services are reported here.

Reporting the Council's Fund Financial Statements

Fund Financial Statements

The analysis of the Council's major funds begins on page 6. Fund financial statements provide detailed information about the Council. The Council's activities are reported in the fund financial statements, which focus on how money flows and the balances left at year-end available for spending in future periods. These fund financial statements are reported on the cash basis of accounting. The fund financial statements provide a detailed short-term view of the Council's mental health and dependency rehabilitation operations and the services they provide. Governmental information helps you determine whether there are more or fewer cash basis financial resources that can be spent in the near future to finance mental health and dependency rehabilitation programs. The fund financial statements also look at the Council's most significant funds with all other non-major funds presented in total in one column. For the Council, the General Fund, the GRF – Help Me Grow Fund, Part C – Help Me Grow Fund, and the Family Centered Services Fund are all reported as major funds.

The Council as a Whole

Recall that the statement of net position-cash basis provides the perspective of the Council as a whole. Table 1 provides a summary of the Council's net position for 2016 as compared to 2015.

**Table 1
Net Position**

	Governmental Activities	
	2016	2015
ASSETS:		
Equity in Pooled Cash	\$41,538	\$48,398
 NET POSITION:		
Restricted for Other	18,890	28,574
Unrestricted	22,648	19,824
Total net position	\$41,538	\$48,398

Total assets and net position decreased \$6,860, as cash receipts exceeded cash disbursements in 2016.

**Pike County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited**

Table 2 shows the changes in net position for the fiscal years 2016 and 2015.

**Table 2
Changes in Net Position**

	Governmental Activities	
	2016	2015
CASH RECEIPTS:		
Program Cash Receipts		
Operating Grants and Contributions	\$189,592	\$201,995
Total Program Cash Receipts	189,592	201,995
General Cash Receipts		
Membershio Dues	0	2,000
Miscellaneous	15,011	5,811
Total Cash Receipts	204,603	209,806
CASH DISBURSEMENTS:		
Family Assistance:		
Salaries and Benefits	151,001	140,677
Contracts-Services	53,423	47,235
Other	7,039	9,205
Total Cash Disbursements	211,463	197,117
CHANGE IN NET POSITION	(6,860)	12,689
NET POSITION BEGINNING OF YEAR	48,398	35,709
NET POSITION END OF YEAR	\$41,538	\$48,398

Operating grants and contributions provided for 92.7% of total cash receipts during 2016.

Net position decreased by \$6,860 during 2016 primarily because disbursements exceeded receipts. The increase in disbursements is due to an increase of salaries and benefits being paid by the Council during the current year from grant monies received as compared to previous years.

**Pike County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited**

The statement of activities – cash basis shows the cost of program services and the operating grants and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, they identify the cost of those services supported by other miscellaneous receipts.

**Table 3
Governmental Activities**

	<u>Total Cost of Services - 2016</u>	<u>Net Cost of Services - 2016</u>	<u>Total Cost of Services - 2015</u>	<u>Net Cost of Services - 2015</u>
Family Assistance:				
Salaries and Benefits	\$151,001	\$14,874	\$140,677	\$1,211
Contracts - Services	53,423	6,024	47,235	(6,727)
Other	7,039	973	9,205	(362)
Total Disbursements	<u>\$211,463</u>	<u>21,871</u>	<u>\$197,117</u>	<u>(\$5,878)</u>

The Council's Fund Financial Statements

The Council's fund financial statements are accounted for using the cash basis of accounting. The fund financial statements had total receipts of \$204,603 and disbursements of \$211,463. The financial statements had an decrease in the cash balance of \$6,860 from the 2015 year-end cash balance, mainly due to cash receipts being more than cash disbursements.

The General Fund had an increase in fund cash balance of \$2,824. The GRF – Help Me Grow Fund had a decrease in fund cash balance of \$3,140. The Part C – Help Me Grow Fund had increase in fund cash balance of \$2,002. The Family Centered Services Fund had a decrease in fund cash balance of \$8,546.

The most significant change in fund cash balance was in the Family Centered Services Fund. This is due to the decrease of grant funds in 2016 and an increase in contract services disbursements.

Capital Assets and Debt Administration

The Council has no capital assets and no debt.

Economic Factors

The Council will be challenged to maintain the current level of services and programs due to a stagnant receipts base and ordinary inflation. The Council and its administration must maintain careful financial planning and prudent fiscal management in order to balance the budget annually.

Contacting the Council's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jeff Allen, at the Pike County Board of Developmental Disabilities, 330 East North Street, Waverly, Ohio 45690.

Pike County Family and Children First Council
Statement of Net Position - Cash Basis
As of December 31, 2016

Assets	
Equity in Pooled Cash	<u>\$41,538</u>
 Total Assets	 <u>41,538</u>
 Net Position	
Restricted for Other Purposes	18,890
Unrestricted	<u>22,648</u>
 Total Net Position	 <u><u>\$41,538</u></u>

See accompanying notes to the basic financial statements.

Pike County Family and Children First Council
Statement of Activities - Cash Basis
For the Year Ended December 31, 2016

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position
			Governmental Activities
Governmental Activities:			
Family Assistance:			
Salaries and Benefits	\$151,001	\$136,127	(14,874)
Contracts-Services	53,423	47,399	(6,024)
Other	7,039	6,066	(973)
Total Governmental Activities	<u>\$211,463</u>	<u>\$189,592</u>	<u>(21,871)</u>
		General Receipts:	
		Miscellaneous	<u>15,011</u>
		Change in Net Position	(6,860)
		Net Position Beginning of Year	<u>48,398</u>
		Net Position End of Year	<u><u>\$41,538</u></u>

See accompanying notes to the basic financial statements.

Pike County Family and Children First Council
Statement of Cash Basis Assets and Cash Basis Fund Balances - Governmental Funds
As of December 31, 2016

	General	GRF - Help Me Grow	Part C - Help Me Grow	Family Centered Services	Other Governmental Funds	Total Governmental Funds
Cash Basis Assets						
Equity in Pooled Cash	\$22,648	\$7,632	\$5,952	\$3,857	\$1,449	\$41,538
Total Cash Basis Assets	<u>\$22,648</u>	<u>\$7,632</u>	<u>\$5,952</u>	<u>\$3,857</u>	<u>\$1,449</u>	<u>\$41,538</u>
Cash Basis Fund Balances						
Restricted	\$0	\$7,632	\$5,952	\$3,857	\$1,449	\$18,890
Unassigned	22,648	0	0	0	0	22,648
Total Cash Basis Fund Balances	<u>\$22,648</u>	<u>\$7,632</u>	<u>\$5,952</u>	<u>\$3,857</u>	<u>\$1,449</u>	<u>\$41,538</u>

See accompanying notes to the basic financial statements.

Pike County Family and Children First Council
Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2016

	General	GRF - Help Me Grow	Part C - Help Me Grow	Family Centered Services	Other Governmental Funds	Total Governmental Funds
Cash Receipts:						
Grants	\$15,750	\$89,743	\$54,319	\$22,280	\$7,500	\$189,592
Miscellaneous	0	15,006	5	0	0	15,011
Total Cash Receipts	<u>15,750</u>	<u>104,749</u>	<u>54,324</u>	<u>22,280</u>	<u>7,500</u>	<u>204,603</u>
Cash Disbursements:						
Current:						
Salaries and Benefits	0	100,006	50,995	0	0	151,001
Contract - Services	12,926	2,750	0	30,247	7,500	53,423
Other	0	5,133	1,327	579	0	7,039
Total Cash Disbursements	<u>12,926</u>	<u>107,889</u>	<u>52,322</u>	<u>30,826</u>	<u>7,500</u>	<u>211,463</u>
Total Cash Receipts Over/(Under)						
Cash Disbursements	2,824	(3,140)	2,002	(8,546)	0	(6,860)
Fund Cash Balances, January 1	19,824	10,772	3,950	12,403	1,449	48,398
Fund Cash Balances, December 31	<u>\$22,648</u>	<u>\$7,632</u>	<u>\$5,952</u>	<u>\$3,857</u>	<u>\$1,449</u>	<u>\$41,538</u>

See accompanying notes to the basic financial statements.

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY

A. Description of the Council

Ohio Rev. Code Section 121.37 created the Ohio Family and Children First Cabinet Council and required the Board of County Commissioners in each County to establish County Family and Children First Councils. A Board of County Commissioners may invite any local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of its County Council. Each County Council must include the following individuals:

- a. At least three individuals whose families are or have received services from an agency represented on the Council or another County's Council. Where possible, the number of members representing families shall be equal to twenty percent of the Council's membership;
- b. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County, or, in the case of a county that has a Board of Alcohol and Drug Addiction Services and a Community Mental Health Board, the Directors of both Boards. If a Board of Alcohol, Drug Addiction, and Mental Health Services covers more than one county, the Director may designate a person to participate on the County's Council;
- c. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each city and general health district in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
- d. The Director of the County Department of Job and Family Services;
- e. The Executive Director of the county agency responsible for the administration of children services pursuant to Section 5153.15 of the Revised Code;
- f. The Superintendent of the County Board of Developmental Disabilities;
- g. The County's Juvenile Court Judge senior in service or another judge of the juvenile court designated by the administrative judge, or, where there is no administrative judge, by the judge senior in service;
- h. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Department of Education, which shall notify each Board of County Commissioners of its determination at least biennially;
- i. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
- j. A representative of the municipal corporation with the largest population in the County;
- k. The President of the Board of County Commissioners, or an individual designated by the Board;
- l. A representative of the regional office of the Department of Youth Services;

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY (Continued)

- m. A representative of the County's Head Start agencies, as defined in Section 3301.31 of the Revised Code;
- n. A representative of the County's early intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
- o. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A County Council shall provide for the following:

- a. Referrals to the Cabinet Council of those children for whom the Council cannot provide adequate services;
- b. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- c. Participation in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Individuals with Disabilities Education Act of 2004";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

B. Reporting Entity

A reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides various services including human, social, health and educational services to families and children. The Council and Coordinator have direct responsibility for these activities.

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the organization's governing board and (1) the Council is able to significantly influence the programs or services performed or provided by the organization; or (2) the Council is legally entitled to or can otherwise access the organization's resources; the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Council is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Council in that the Council approves the budget, the issuance of debt, or the levying of taxes. The Council has no component units.

The Council's management believes these financial statements present all activities for which the Council is financially accountable.

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Council's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the financial records and reported in the financial statements when cash is received and when cash is paid rather than when a liability is incurred.

The Council's basic financial statements consist of government-wide statements, including a statement of net position-cash basis and a statement of activities-cash basis, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net position – cash basis and the statement of activities-cash basis display information about the Council as a whole. These statements include the financial activities of the primary government.

The statement of net position – cash basis presents the financial condition of the governmental activities of the Council at year-end. The statement of activities – cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the Council's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the Council, with certain limited exceptions. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental program is self-financing or draws from the general cash receipts of the Council.

2. Fund Financial Statements

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

3. Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council utilizes the governmental category of funds.

4. Governmental Funds

Governmental funds are those through which all governmental functions of the Council are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the Council's major governmental funds:

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund – The General Fund accounts for all financial resources except those not accounted for and reported in another fund. The General Fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the Council.

GRF - Help Me Grow Fund – The GRF Help Me Grow (HMG) Fund is used to account for receipts received and disbursed from State grant monies for early intervention programs from the Ohio Department of Health. The primary source of revenue for this fund is grant receipts.

Part C - Help Me Grow Fund – The Part C Help Me Grow (HMG) Fund is used to account for receipts received and disbursed from Federal grant monies for early intervention programs passed through the Ohio Department of Health. The primary source of revenue for this fund is grant receipts.

Family Centered Services Fund – The Family Centered Services Fund is used to account for receipts received and disbursed from grant monies for the Family Centered and Support Services Program. The primary source of revenue for this fund is grant receipts.

The other governmental funds of the Council account for grants and other resources whose use is restricted to a particular purpose.

5. Measurement Focus

The Council has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the Council's cash basis of accounting, receipts are recognized when received in cash, rather than when earned, and disbursements when paid, rather than when a liability is incurred.

6. Basis of Accounting

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

7. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Council Board. Those committed amounts cannot be used for any other purpose unless the Council Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Council Board.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

B. Administrative/Fiscal Agent

The Pike County Board of Developmental Disabilities is designated as the fiscal and administrative agent for the Council. Council funds are maintained by the Pike County Auditor in separate funds.

C. Equity in Pooled Cash

The Council's cash is maintained by the Board of Developmental Disabilities (DD), its statutory fiscal agent. The Pike County Auditor, the DD Board's fiscal agent, maintains a cash pool used by all the County's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments and the County is responsible for compliance. As of December 31, 2016, the Council's share of the County's cash pool was as follows:

	<u>2016</u>
Equity in Pooled Cash	\$41,538

All risks associated with such deposits are the responsibility of Pike County.

D. Budgetary Activity

The Council files an annual estimate of expenditures with the Board of Developmental Disabilities (DD) as required by law. This estimate is adopted by the Board. The Fiscal Officer of the DD Board inputs these appropriations into the system and ensures that the Council's expenditures do not exceed appropriations.

E. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying basic financial statements.

**Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Long-Term Debt Obligations

The Council did not have any bonds or other long-term debt obligations.

G. Net Position

These statements report restricted net position when enabling legislation or creditors, grantors, or laws or regulations of other governments have imposed limitations on their use.

The Council first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

Of the Council's \$18,890 in restricted net position, none is restricted by enabling legislation.

3. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts, which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

4. RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2016, the Council was covered through Pike County who contracted with the Buckeye Joint-County Self-Insurance Council for liability, auto, and crime insurance. The program has a \$0 to \$5,000 deductible per occurrence.

Coverages provided by the program are as follows:

	<u>Aggregate</u>	<u>Each Occurrence</u>
General Liability	\$4,000,000	\$2,000,000
Public Officials	4,000,000	2,000,000
Law Enforcement	4,000,000	2,000,000
Automobile - Liability	-	2,000,000
Employee Benefits Liability	4,000,000	2,000,000

In addition, the County maintains separate replacement cost insurance on buildings and contents in the amount of \$35,520,473 and other property insurance including \$1,000,000 for extra expenses.

Health insurance was provided by a private carrier, Medical Mutual of Ohio, for the year.

Workers' compensation benefits are provided through the State Bureau of Workers' Compensation.

The Council through their coverage with the County has not incurred significant reductions in insurance coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

5. FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	GRF - Help Me Grow	Part C - Help Me Grow	Family Centered Services	All Other Governmental	Total Governmental Funds
Restricted for						
Other Purposes	\$0	\$7,632	\$5,952	\$3,857	\$1,449	\$18,890
Total Restricted	<u>0</u>	<u>7,632</u>	<u>5,952</u>	<u>3,857</u>	<u>1,449</u>	<u>18,890</u>
Unassigned	<u>22,648</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22,648</u>
Total Fund Balances	<u>\$22,648</u>	<u>\$7,632</u>	<u>\$5,952</u>	<u>\$3,857</u>	<u>\$1,449</u>	<u>\$41,538</u>

6. NEW ACCOUNTING PRINCIPLES

For the fiscal year ended December 31, 2016, the Council has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, GASB Statement No. 77, Tax Abatement Disclosures, and GASB Statement No. 79, Certain External Investment Pools and Pool Participants.

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the Council; however certain additional footnote disclosures were made.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Council.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Council.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the Council.

This page intentionally left blank.

**Pike County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited**

The discussion and analysis of the Pike County Family and Children First Council's (the Council) financial performance provides an overview of the Council's financial activities for the year ended December 31, 2015, within the limitations of the Council's cash basis of accounting. Please read this in conjunction with the Council's financial statements that begin on page 7 and notes to the basic financial statements which begin on page 11.

Financial Highlights

Key financial highlights for 2015 are as follows:

- Net position increased \$12,689.
- The Council receipts for 2015 were \$209,806 plus a carry-over cash balance from 2014 of \$35,709. Cash disbursements for the same period were \$197,117. The ending net position was \$48,398.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Council's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Pike County Family and Children First Council as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on the cash basis of accounting.

The statement of net position – cash basis and statement of activities – cash basis provide information about the activities of the whole Council, presenting an aggregate view of the Council's finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending using the cash basis of accounting.

Basis of Accounting

The basis of accounting is a set of guidelines that determines when financial events are recorded. The Council has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the Council's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Council as a Whole

Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis

While this document contains information used by the Council to provide programs and services for its service area, the view of the Council as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially?" The statement of net position – cash basis and the statement of activities – cash basis answer this question. These two statements report the Council's net position on a cash basis and changes in the net position. This change in net position is important because it tells the reader that, for the Council as a whole, the cash basis financial position of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

**Pike County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited**

In the statement of net position-cash basis and the statement of activities-cash basis, all of the Council's activities are considered to be Governmental Activities.

- Governmental Activities – The Council's only programs and associated services are reported here.

Reporting the Council's Fund Financial Statements

Fund Financial Statements

The analysis of the Council's major funds begins on page 6. Fund financial statements provide detailed information about the Council. The Council's activities are reported in the fund financial statements, which focus on how money flows and the balances left at year-end available for spending in future periods. These fund financial statements are reported on the cash basis of accounting. The fund financial statements provide a detailed short-term view of the Council's mental health and dependency rehabilitation operations and the services they provide. Governmental information helps you determine whether there are more or fewer cash basis financial resources that can be spent in the near future to finance mental health and dependency rehabilitation programs. The fund financial statements also look at the Council's most significant funds with all other non-major funds presented in total in one column. For the Council, the General Fund, the GRF – Help Me Grow Fund, Part C – Help Me Grow Fund, and the Family Centered Services Fund are all reported as major funds.

The Council as a Whole

Recall that the statement of net position-cash basis provides the perspective of the Council as a whole. Table 1 provides a summary of the Council's net position for 2015 as compared to 2014.

**Table 1
Net Position**

	Governmental Activities	
	2015	2014
ASSETS:		
Equity in Pooled Cash	\$48,398	\$35,709
 NET POSITION:		
Restricted for Other	28,574	21,411
Unrestricted	19,824	14,298
Total net position	\$48,398	\$35,709

Total assets and net position increased \$12,689, as cash receipts exceeded cash disbursements in 2015.

**Pike County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited**

Table 2 shows the changes in net position for the fiscal years 2015 and 2014.

**Table 2
Changes in Net Position**

	Governmental Activities	
	2015	2014
CASH RECEIPTS:		
Program Cash Receipts		
Operating Grants and Contributions	\$201,995	\$199,811
Total Program Cash Receipts	201,995	199,811
General Cash Receipts		
Membership Dues	2,000	0
Miscellaneous	5,811	793
Total Cash Receipts	209,806	200,604
CASH DISBURSEMENTS:		
Family Assistance:		
Salaries and Benefits	140,677	155,920
Contracts-Services	47,235	48,538
Other	9,205	8,926
Total Cash Disbursements	197,117	213,384
CHANGE IN NET POSITION	12,689	(12,780)
NET POSITION BEGINNING OF YEAR	35,709	48,489
NET POSITION END OF YEAR	\$48,398	\$35,709

Operating grants and contributions provided for 96.2% of total cash receipts during 2015.

Net position increased by \$12,689 during 2015 primarily because receipts exceeded disbursements. The decrease in disbursements is due to a reduction of salaries and benefits being paid by the Council during the current year from grant monies received as compared to previous years.

**Pike County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited**

The statement of activities – cash basis shows the cost of program services and the operating grants and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, they identify the cost of those services supported by other miscellaneous receipts.

**Table 3
Governmental Activities**

	<u>Total Cost of Services - 2015</u>	<u>Net Cost of Services - 2015</u>	<u>Total Cost of Services - 2014</u>	<u>Net Cost of Services - 2014</u>
Family Assistance:				
Salaries and Benefits	\$140,677	\$1,211	\$155,920	\$18,784
Contracts - Services	47,235	(6,727)	48,538	(4,356)
Other	9,205	(362)	8,926	(855)
Total Disbursements	<u>\$197,117</u>	<u>(\$5,878)</u>	<u>\$213,384</u>	<u>\$13,573</u>

The Council's Fund Financial Statements

The Council's fund financial statements are accounted for using the cash basis of accounting. The fund financial statements had total receipts of \$209,806 and disbursements of \$197,117. The financial statements had an increase in the cash balance of \$12,689 from the 2014 year-end cash balance, mainly due to cash receipts being more than cash disbursements.

The General Fund had an increase in fund cash balance of \$5,526. The GRF – Help Me Grow Fund and the Part C – Help Me Grow Fund had increases in fund cash balances of \$1,748 and \$2,932 respectively. The Family Centered Services Fund had an increase in fund cash balance of \$2,483.

The most significant change in fund cash balance was in the General Fund. This is due to the decrease of contract-services expenses during 2015.

Capital Assets and Debt Administration

The Council has no capital assets and no debt.

Economic Factors

The Council will be challenged to maintain the current level of services and programs due to a stagnant receipts base and ordinary inflation. The Council and its administration must maintain careful financial planning and prudent fiscal management in order to balance the budget annually.

Contacting the Council's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jeff Allen, at the Pike County Board of Developmental Disabilities, 330 East North Street, Waverly, Ohio 45690.

Pike County Family and Children First Council
Statement of Net Position - Cash Basis
As of December 31, 2015

Assets	
Equity in Pooled Cash	<u>\$48,398</u>
 Total Assets	 <u>48,398</u>
 Net Position	
Restricted for Other Purposes	28,574
Unrestricted	<u>19,824</u>
 Total Net Position	 <u><u>\$48,398</u></u>

See accompanying notes to the basic financial statements.

Pike County Family and Children First Council
Statement of Activities - Cash Basis
For the Year Ended December 31, 2015

	Cash	Program Cash Receipts	Net (Disbursements)
	Disbursements	Operating Grants and	Receipts and Changes
		Contributions	in Net Position
			Governmental Activities
Governmental Activities:			
Family Assistance:			
Salaries and Benefits	\$140,677	\$139,466	(1,211)
Contracts-Services	47,235	52,962	5,727
Other	9,205	9,567	362
Total Governmental Activities	<u>\$197,117</u>	<u>\$201,995</u>	4,878
		General Receipts:	
		Membership Dues	2,000
		Miscellaneous	5,811
		Change in Net Position	12,689
		Net Position Beginning of Year	35,709
		Net Position End of Year	<u>\$48,398</u>

See accompanying notes to the basic financial statements.

Pike County Family and Children First Council
Statement of Cash Basis Assets and Cash Basis Fund Balances - Governmental Funds
As of December 31, 2015

	General	GRF - Help Me Grow	Part C - Help Me Grow	Family Centered Services	Other Governmental Funds	Total Governmental Funds
Cash Basis Assets						
Equity in Pooled Cash	\$19,824	\$10,772	\$3,950	\$12,403	\$1,449	\$48,398
Total Cash Basis Assets	<u>\$19,824</u>	<u>\$10,772</u>	<u>\$3,950</u>	<u>\$12,403</u>	<u>\$1,449</u>	<u>\$48,398</u>
Cash Basis Fund Balances						
Restricted	\$0	\$10,772	\$3,950	\$12,403	\$1,449	\$28,574
Unassigned	19,824	0	0	0	0	19,824
Total Cash Basis Fund Balances	<u>\$19,824</u>	<u>\$10,772</u>	<u>\$3,950</u>	<u>\$12,403</u>	<u>\$1,449</u>	<u>\$48,398</u>

See accompanying notes to the basic financial statements.

Pike County Family and Children First Council
Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	GRF - Help Me Grow	Part C - Help Me Grow	Family Centered Services	Other Governmental Funds	Total Governmental Funds
Cash Receipts:						
Grants	\$15,750	\$87,230	\$59,171	\$28,396	\$11,448	\$201,995
Membership Dues	2,000	0	0	0	0	2,000
Miscellaneous	0	68	5,743	0	0	5,811
Total Cash Receipts	<u>17,750</u>	<u>87,298</u>	<u>64,914</u>	<u>28,396</u>	<u>11,448</u>	<u>209,806</u>
Cash Disbursements:						
Current:						
Salaries and Benefits	0	79,526	61,151	0	0	140,677
Contract - Services	12,224	750	0	22,813	11,448	47,235
Other	0	5,274	831	3,100	0	9,205
Total Cash Disbursements	<u>12,224</u>	<u>85,550</u>	<u>61,982</u>	<u>25,913</u>	<u>11,448</u>	<u>197,117</u>
Total Cash Receipts Over/(Under)						
Cash Disbursements	5,526	1,748	2,932	2,483	0	12,689
Fund Cash Balances, January 1	<u>14,298</u>	<u>9,024</u>	<u>1,018</u>	<u>9,920</u>	<u>1,449</u>	<u>35,709</u>
Fund Cash Balances, December 31	<u>\$19,824</u>	<u>\$10,772</u>	<u>\$3,950</u>	<u>\$12,403</u>	<u>\$1,449</u>	<u>\$48,398</u>

See accompanying notes to the basic financial statements.

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY

A. Description of the Council

Ohio Rev. Code Section 121.37 created the Ohio Family and Children First Cabinet Council and required the Board of County Commissioners in each County to establish County Family and Children First Councils. A Board of County Commissioners may invite any local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of its County Council. Each County Council must include the following individuals:

- a. At least three individuals whose families are or have received services from an agency represented on the Council or another County's Council. Where possible, the number of members representing families shall be equal to twenty percent of the Council's membership;
- b. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County, or, in the case of a county that has a Board of Alcohol and Drug Addiction Services and a Community Mental Health Board, the Directors of both Boards. If a Board of Alcohol, Drug Addiction, and Mental Health Services covers more than one county, the Director may designate a person to participate on the County's Council;
- c. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each city and general health district in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
- d. The Director of the County Department of Job and Family Services;
- e. The Executive Director of the county agency responsible for the administration of children services pursuant to Section 5153.15 of the Revised Code;
- f. The Superintendent of the County Board of Developmental Disabilities;
- g. The County's Juvenile Court Judge senior in service or another judge of the juvenile court designated by the administrative judge, or, where there is no administrative judge, by the judge senior in service;
- h. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Department of Education, which shall notify each Board of County Commissioners of its determination at least biennially;
- i. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
- j. A representative of the municipal corporation with the largest population in the County;
- k. The President of the Board of County Commissioners, or an individual designated by the Board;
- l. A representative of the regional office of the Department of Youth Services;

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY (Continued)

- m. A representative of the County's Head Start agencies, as defined in Section 3301.31 of the Revised Code;
- n. A representative of the County's early intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
- o. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A County Council shall provide for the following:

- a. Referrals to the Cabinet Council of those children for whom the Council cannot provide adequate services;
- b. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- c. Participation in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Individuals with Disabilities Education Act of 2004";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

B. Reporting Entity

A reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides various services including human, social, health and educational services to families and children. The Council and Coordinator have direct responsibility for these activities.

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the organization's governing board and (1) the Council is able to significantly influence the programs or services performed or provided by the organization; or (2) the Council is legally entitled to or can otherwise access the organization's resources; the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Council is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Council in that the Council approves the budget, the issuance of debt, or the levying of taxes. The Council has no component units.

The Council's management believes these financial statements present all activities for which the Council is financially accountable.

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Council's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the financial records and reported in the financial statements when cash is received and when cash is paid rather than when a liability is incurred.

The Council's basic financial statements consist of government-wide statements, including a statement of net position-cash basis and a statement of activities-cash basis, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net position – cash basis and the statement of activities-cash basis display information about the Council as a whole. These statements include the financial activities of the primary government.

The statement of net position – cash basis presents the financial condition of the governmental activities of the Council at year-end. The statement of activities – cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the Council's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the Council, with certain limited exceptions. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental program is self-financing or draws from the general cash receipts of the Council.

2. Fund Financial Statements

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

3. Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council utilizes the governmental category of funds.

4. Governmental Funds

Governmental funds are those through which all governmental functions of the Council are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the Council's major governmental funds:

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund – The General Fund accounts for all financial resources except those not accounted for and reported in another fund. The General Fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the Council.

GRF - Help Me Grow Fund – The GRF Help Me Grow (HMG) Fund is used to account for receipts received and disbursed from State grant monies for early intervention programs from the Ohio Department of Health. The primary source of revenue for this fund is grant receipts.

Part C - Help Me Grow Fund – The Part C Help Me Grow (HMG) Fund is used to account for receipts received and disbursed from Federal grant monies for early intervention programs passed through the Ohio Department of Health. The primary source of revenue for this fund is grant receipts.

Family Centered Services Fund – The Family Centered Services Fund is used to account for receipts received and disbursed from grant monies for the Family Centered and Support Services Program. The primary source of revenue for this fund is grant receipts.

The other governmental funds of the Council account for grants and other resources whose use is restricted to a particular purpose.

5. Measurement Focus

The Council has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the Council's cash basis of accounting, receipts are recognized when received in cash, rather than when earned, and disbursements when paid, rather than when a liability is incurred.

6. Basis of Accounting

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

7. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Council Board. Those committed amounts cannot be used for any other purpose unless the Council Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Council Board.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

B. Administrative/Fiscal Agent

The Pike County Board of Developmental Disabilities is designated as the fiscal and administrative agent for the Council. Council funds are maintained by the Pike County Auditor in separate funds.

C. Equity in Pooled Cash

The Council's cash is maintained by the Board of Developmental Disabilities (DD), its statutory fiscal agent. The Pike County Auditor, the DD Board's fiscal agent, maintains a cash pool used by all the County's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments and the County is responsible for compliance. As of December 31, 2015, the Council's share of the County's cash pool was as follows:

	<u>2015</u>
Equity in Pooled Cash	\$48,398

All risks associated with such deposits are the responsibility of Pike County.

D. Budgetary Activity

The Council files an annual estimate of expenditures with the Board of Developmental Disabilities (DD) as required by law. This estimate is adopted by the Board. The Fiscal Officer of the DD Board inputs these appropriations into the system and ensures that the Council's expenditures do not exceed appropriations.

E. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying basic financial statements.

**Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Long-Term Debt Obligations

The Council did not have any bonds or other long-term debt obligations.

G. Net Position

These statements report restricted net position when enabling legislation or creditors, grantors, or laws or regulations of other governments have imposed limitations on their use.

The Council first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

Of the Council's \$28,574 in restricted net position, none is restricted by enabling legislation.

3. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts, which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

4. RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2015, the Council was covered through Pike County who contracted with the Buckeye Joint-County Self-Insurance Council for liability, auto, and crime insurance. The program has a \$0 to \$5,000 deductible per occurrence.

Coverages provided by the program are as follows:

	<u>Aggregate</u>	<u>Each Occurrence</u>
General Liability	\$4,000,000	\$2,000,000
Public Officials	4,000,000	2,000,000
Law Enforcement	4,000,000	2,000,000
Automobile - Liability	-	2,000,000
Employee Benefits Liability	4,000,000	2,000,000

In addition, the County maintains separate replacement cost insurance on buildings and contents in the amount of \$36,253,233 and other property insurance including \$1,000,000 for extra expenses.

Health insurance was provided by a private carrier, Medical Mutual of Ohio, for the year.

Workers' compensation benefits are provided through the State Bureau of Workers' Compensation.

The Council through their coverage with the County has not incurred significant reductions in insurance coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

5. FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>GRF - Help Me Grow</u>	<u>Part C - Help Me Grow</u>	<u>Family Centered Services</u>	<u>All Other Governmental</u>	<u>Total Governmental Funds</u>
Restricted for						
Other Purposes	\$0	\$10,772	\$3,950	\$12,403	\$1,449	\$28,574
Total Restricted	<u>0</u>	<u>10,772</u>	<u>3,950</u>	<u>12,403</u>	<u>1,449</u>	<u>28,574</u>
Unassigned	19,824	0	0	0	0	19,824
Total Fund Balances	<u>\$19,824</u>	<u>\$10,772</u>	<u>\$3,950</u>	<u>\$12,403</u>	<u>\$1,449</u>	<u>\$48,398</u>

6. PENSIONS

For fiscal year 2015, the Council implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No.27" and GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68."

Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI).

Statement No. 71 amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability

The impact of the application of Statement No. 68 and Statement No. 71 had no effect on beginning net position as the Council reports on a cash basis. In addition, no disclosures are made for pension and other post-employment benefits since employees providing services on behalf of the Council are considered part of Pike County's employees for reporting purposes in terms of liabilities, pension expense, and deferred inflows and outflows of resources.

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Pike County Family and Children First Council
Pike County
330 East North Street
Waverly, Ohio 45690

To the Board:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pike County Family and Children First Council, Pike County, (the Council) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated August 31, 2017, wherein we noted the Council uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion(s) on the financial statements, but not to the extent necessary to opine on the effectiveness of the Council's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Council's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

August 31, 2017



Dave Yost • Auditor of State

PIKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

PIKE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 19, 2017**